

FISCAL NOTE

Bill #: HB0501

Title: Revise board of oil and gas permitting

Primary Sponsor: Bixby, N

Status: As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
State Special Revenue	\$1,262,000	\$1,262,000
Revenue:		
General Fund	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|--|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input checked="" type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

Department of Natural Resources and Conservation (DNRC)

1. One interpretation of the bill, and the one this fiscal note is based upon, would require that the Board of Oil and Gas (Board) complete a new Programmatic Environmental Impact Statement (EIS). The Board did its original programmatic EIS in 1989. The update to that EIS was the 2003 Final Statewide Oil and Gas EIS.
2. In January 2003, the 1989 EIS was amended to include coal bed methane exploration and production activities on private and state-owned lands. Three entities participated in the 2003 Final Statewide Oil and Gas EIS, and the combined cost of producing the EIS was \$1.2 million.

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(continued)

FISCAL IMPACT:

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$1,200,000	\$1,200,000
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	\$1,200,000	\$1,200,000
<u>Revenues:</u>		
State Special Revenue (02)	\$0	\$0
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
State Special Revenue (02)	(\$1,200,000)	(\$1,200,000)

TECHNICAL NOTES:

1. The bill does not define "plan of development." The fiscal note assumes a plan of development means an overall plan for oil and gas operations in the state: a Programmatic EIS. However, a plan of development could also mean every proposal (application) to drill an oil or gas well in the state.
2. Another interpretation of the bill is that the board would do two environmental assessments for each project: one for the project as proposed and another for the project as approved. The Oil and Gas Division currently does an environmental assessment for each project after the board approves it. If the Division had to do another environmental assessment for each project when it is proposed, an additional staff person with proper expertise would be necessary to perform those duties. This would require an additional 1.00 FTE each year of the biennium. The total cost of the additional staff member would be approximately \$62,000 per year for salary, benefits, and operating expenses.